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INTERNATIONAL BUSINESS SETTLEMENT HOLDINGS LIMITED

國際商業結算控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

**CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF 90% EQUITY INTEREST IN A SUBSIDIARY**

THE DISPOSAL AGREEMENT

The Board is pleased to announce that after trading hours of the Stock Exchange on 14 May 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Disposal Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing 90% of the issued share capital of the Target Company, for a consideration of US\$3 million (equivalent to approximately HK\$23.4 million) (subject to downward adjustment).

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser holds 10% equity interest in the Target Company (of which the Company indirectly holds 90%) and accordingly is its substantial shareholder. The Purchaser is a connected person of the Company at the subsidiary level. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios in relation to the Disposal is more than 0.1% but less than 5%, the entering into of the Disposal Agreement and the transactions contemplated are subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and shareholders' approval requirement for the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (1) the Purchaser is a connected person at the subsidiary level, (2) the Board has approved the Disposal; and (3) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that after trading hours of the Stock Exchange on 14 May 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Disposal Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing 90% of the issued share capital of the Target Company, for a consideration of US\$3 million (equivalent to approximately HK\$23.4 million) (subject to downward adjustment).

The principal terms of the Disposal Agreement are set out below:

THE DISPOSAL AGREEMENT

Date

14 May 2021

Parties

Vendor: Pride Delight Limited, an indirect wholly-owned subsidiary of the Company; and

Purchaser: Vintage Gold Management Limited.

The Vendor is a company incorporated in the BVI on 19 May 2009 and is primarily engaged in investment holding.

The Purchaser is a company incorporated in the BVI on 28 July 2009 and is primarily engaged in investment holding.

Assets to be disposed of

The assets to be disposed of under the Disposal Agreement are the Sale Shares, being 90% of the issued shares of the Target Company on the Closing Date. The Sale Shares shall be acquired by the Purchaser together with all rights, title and interest attached thereto as of the Closing Date free of encumbrances.

Consideration

The consideration for the Sale Shares is US\$3 million.

Basis of Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account, among other things, (i) the valuation of the Sale Shares as at 31 December 2020; and (ii) the book value of the Sale Shares since 2015.

Taking into account of the resources, the financial position and focus of the Group, the Directors are of the view that the Consideration is fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Closing

Closing shall take place within five (5) Business Days on the date of signing in Hong Kong or at such other time and place as the Seller and the Purchaser mutually agreed upon, orally or in writing.

Upon Closing, the Target Company will be wholly owned by the Purchaser and will cease to be a subsidiary of the Company.

INFORMATION ON THE VENDOR, THE TARGET COMPANY AND PARTIES INVOLVED

The Vendor is an investment holding company and the Group is principally engaged in the development of properties, hotel business, provision of international business settlement services, provision of financing services and manufacturing and sales of disposable contact lens business.

The Target Company is a limited liability company incorporated in the BVI, and is a non-wholly owned subsidiary of the Vendor and is held as to 90% by the Vendor and 10% by the Purchaser. The Target Company holds 30% interests in each of Fastmind and Acme Day. Fastmind is a limited liability company incorporated in Hong Kong, and holds 99% interest in Tunlin. Acme Day is a limited liability company incorporated in Hong Kong, and holds 1% interest in Tunlin. Tunlin is a company incorporated in the Kyrgyz Republic and is the sole owner of all the shares of the Project Company. The Project Company is a close joint stock company registered and existing under the laws of Kyrgyz Republic and the holder of the Mining License for the Mine.

The Purchaser is a limited liability company incorporated in the BVI and is held as to 100% by Mr. Zheng Qiang.

The Mine is located in the Chatkal region, Jalalabat oblast, Southwest of the Kyrgyz Republic with estimated mineral resources of approximately 97.0 tonnes of gold and approximately 1.0 million tonnes of copper. The Mining License had been issued by the relevant authorities of Kyrgyzstan's Government with a mining period extended to December 2041.

Set out below are the financial information extracted from the unaudited management accounts of the Target Company for the year ended 31 March 2020 and 2021:

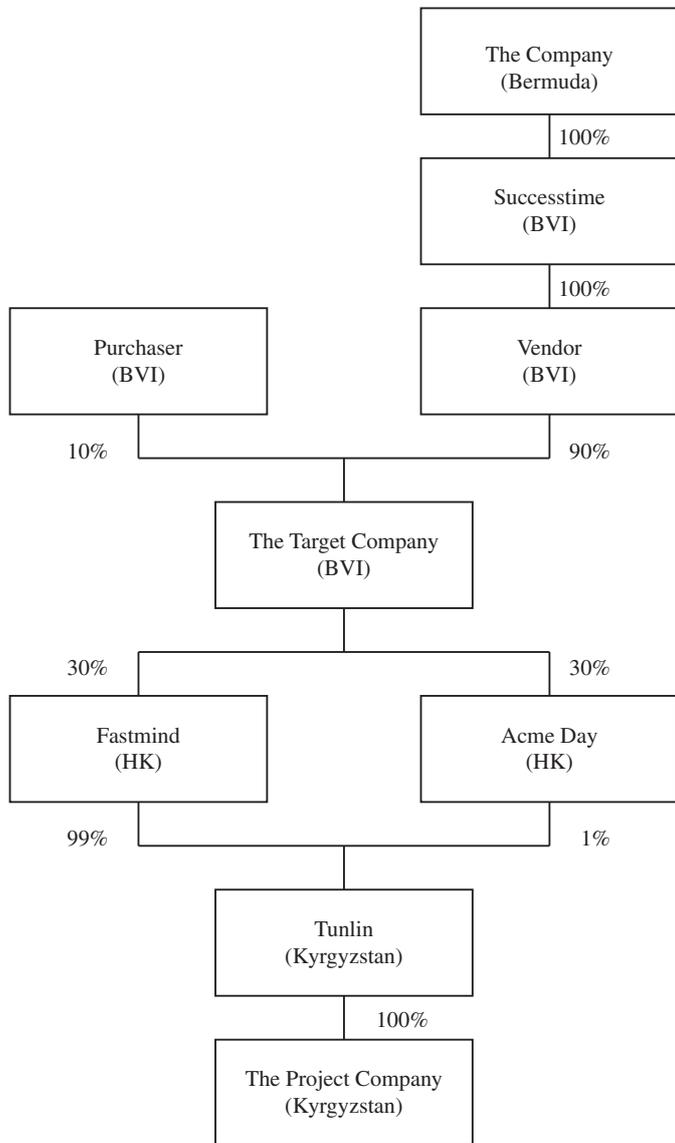
The Target Company

	For the year ended 31 March 2020 HK\$ (unaudited)	For the year ended 31 March 2021 HK\$ (unaudited)
Net loss for the year	12,262	15,650
		As at 31 March 2021 HK\$ (unaudited)
Deficiency of equity		694,810

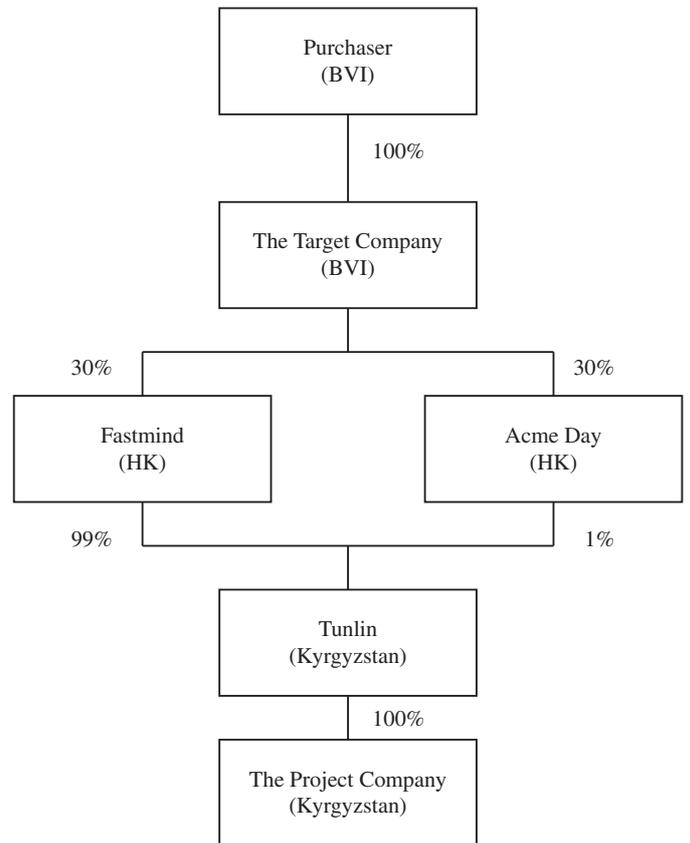
SHAREHOLDING STRUCTURE OF THE TARGET COMPANY BEFORE AND AFTER CLOSING

Set out below is the shareholding structure of the Target Company immediately before and after Closing:

As at the date of this announcement and immediately before Closing



Immediately after Closing



REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are development of properties, hotel business, provision of international business settlement services, provision of financing services and manufacturing and sales of disposable contact lens business.

In 2009, the Group acquired 90% equity interest in the Target Company for a consideration of US\$20 million (equivalent to approximately HK\$156 million). In 2009, the Target Company held 100% equity interest in Fastmind and Acme Day, which held 100% of the mining rights in the Project Company through Tunlin. In 2012, the Group disposed 70% equity interest of each of Fastmind and Acme Day for a consideration of US\$21 million (equivalent to approximately HK\$163.4 million) to CNGC. Since then Fastmind and Acme Day became associated companies of the Group. In 2013, CNGC disposed 16% equity interest of each of Fastmind and Acme Day to China CAMC.

In view of the downwards trend of gold and copper prices since 2012 and change in ore extraction plan, impairment on the mining rights was recognized. In addition to the pre-operating expenses continued to incurred during the construction period of the mining infrastructure, the carrying amount of the Group's interests in Fastmind and Acme Day dropped to HK\$ nil since 2015 and up till now.

The Directors consider that the Disposal offers a prime opportunity for the Group to realize a considerable gain from its investment. In view of the above, the Directors are of the view that the entering into of the Disposal Agreement and the transactions contemplated thereunder are in the interest of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the unaudited management accounts of the Target Company as at 31 March 2021, a gain of approximately HK\$23.4 million (before expenses and taxation) is expected to arise from the Disposal, which is calculated with reference to the Consideration of approximately HK\$23.4 million less the sum of (i) 90% of the net asset value of the Target Company as at 31 March 2021; and (ii) amount of shareholder's loan advanced to the Target Company of approximately HK\$694,810 and to be waived by the Vendor under the Disposal Agreement. Shareholders and investors should note that the exact amount of gain on the Disposal is to be determined with reference to the fair value attributable to the Sale Shares as at the Closing Date and may be different from the above estimated gain.

USE OF PROCEEDS

The net proceeds from the Disposal, after deducting expenses attributable to the Disposal, are estimated to be approximately HK\$23.3 million. The Company intends to apply such net proceeds as general working capital.

In view of the above, the Board considers that the Disposal is in the interests of the Company and the Shareholders as a whole and the terms of the Disposal Agreement are fair and reasonable.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Purchaser holds 10% equity interest in the Target Company and accordingly is its substantial shareholder. The Company also indirectly holds 90% equity interest in the Target Company. The Purchaser is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios in relation to the Disposal is more than 0.1% but less than 5%, the entering into of the Disposal Agreement and the transactions contemplated are subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and shareholders' approval requirement for the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (1) the Purchaser is a connected person at the subsidiary level, (2) the Board has approved the Disposal; and (3) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acme Day”	Acme Day Limited (萃協有限公司), a company incorporated and existing under the laws of Hong Kong, which is held as to 54% by CNGC, 30% by the Target Company and 16% by China CAMC
“Board”	the board of Directors
“Business Day(s)”	any day that is not a Saturday, a Sunday or other day on which banks are required or authorised by law to be closed in Hong Kong or the PRC
“BVI”	the British Virgin Islands
“Closing”	closing of the Disposal Agreement
“Closing Date”	the date on which Closing takes place, being the date within five (5) Business Days after the signing of the Disposal Agreement
“Company”	International Business Settlement Holdings Limited (國際商業結算控股有限公司), a company incorporated in the Bermuda and the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the aggregate consideration for the Sale Shares under the Disposal Agreement, being US\$3 million (approximately HK\$23.4 million)
“China CAMC”	China CAMC Engineering Hong Kong Co., Limited (中工國際(香港)有限公司), a company incorporated under the laws of Hong Kong
“CNGC”	China National Gold Group Corporation (中國黃金集團公司), a company established under the laws of PRC
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Disposal Agreement

“Disposal Agreement”	the agreement dated 14 May 2021 entered into between the Vendor, the Purchaser and the Company in relation to the sale and purchase of the Sale Shares
“Fastmind”	Fastmind Investments Limited (特穎投資有限公司), a company incorporated in Hong Kong with limited liability, which is held as to 54% by CNGC, 30% by the Target Company and 16% by China CAMC
“Group”	the Company and its subsidiaries
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mine”	Kulu-Tegerek Copper and Gold Deposit covered by License # AU-88-02 held by the Project Company, located at Chatkal region, Jalalabat oblast, Southwest of the Kyrgyz Republic
“Mining License”	License # AU-88-02 for the right of subsoil use with the purpose of development of the Mine issued to the Project Company by the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Project Company”	Kichi-Chaarat Closed Joint Stock Company, which is a close joint stock company registered and existing under the laws of Kyrgyz Republic and the holder of the Mining License
“Purchaser”	Vintage Gold Management Limited (金寶管理有限公司), a company incorporated in the BVI
“Sale Shares”	the 90 issued shares of US\$1 each in the issued share capital of the Target Company as at Closing, as beneficially held by the Vendor prior to Closing

“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Successtime”	Successtime Limited (成泰有限公司), a company incorporated in the BVI
“Target Company”	Eagle Mountain Holdings Limited (鷹峰控股有限公司), a company incorporated in the BVI
“Tunlin”	Tunlin Limited Liability Company, registered and existing under the laws of Kyrgyz Republic, which is the sole owner of all the shares of the Project Company
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Pride Delight Limited (傲欣有限公司), a company incorporated in the BVI
“%”	per cent.

By Order of the Board
International Business Settlement Holdings Limited
Yuen Leong
Executive Director

Hong Kong, 14 May 2021

As at the date of this announcement, the Board comprises Mr. Yuen Leong and Mr. Chan Siu Tat as executive directors; and Mr. Yap Yung, Ms. Chen Lanran and Mr. Wong Kin Ping as independent non-executive directors.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.